

**RESOLUTION NO. 13. OF THE
BOARD OF COMMISSIONERS OF
LAPORTE COUNTY, INDIANA**

WHEREAS, this Board has taken an active and successful role since 2002 in various cases pending before the Indiana Utility Regulatory Commission pertaining to rates and service provided by Northern Indiana Public Service Company, and

WHEREAS, obtaining lower utility rates and better service will assist LaPorte County as we seek to be competitive in the hunt for new jobs and economic development as well as provide relief to long-suffering ratepayers, and

WHEREAS, with the mothballing of NIPSCO's coal-fired Mitchell Generating Station in Gary in 2002, the utility has had to acquire significant purchased power to serve its customers, and

WHEREAS, LaPorte County played a key role in securing a \$33.5 million refund to ratepayers and the establishment of a new benchmark for purchased power so that purchases made above the benchmark would be borne by NIPSCO shareholders rather than ratepayers, and

WHEREAS, LaPorte County vigorously opposes NIPSCO's proposed 16% rate hike and believes that Northern Indiana ratepayers are entitled to a rate reduction, and

WHEREAS, LaPorte County continues to press NIPSCO to more competitively buy purchased power at the lowest cost to ratepayers reasonably possible as well as reduce the need for expensive purchased power by once again developing a capability to serve its own native load through internal generation, and

WHEREAS, we agree that with the planned permanent shutdown of Mitchell and continued industrial activity in northwest Indiana, NIPSCO will need additional generation in the near future of approximately 1,000 megawatts of power, and

WHEREAS, NIPSCO recently purchased the natural gas-fired Sugar Creek generating station near Terre Haute, and

WHEREAS, NIPSCO admits that the Sugar Creek generation station cannot provide electricity for use by NIPSCO's customers until June 1, 2010; and

WHEREAS, Nick Meyer, NIPSCO's Manager of Communications, has admitted publicly that NIPSCO "can't charge customers for service they aren't receiving," and

WHEREAS, NIPSCO expects to incur losses in the operation of the Sugar Creek generating station through May 31, 2010 of over \$28.8 million; and

WHEREAS, in spite of Nick Meyer's assurances, NIPSCO has requested that ratepayers pay for those \$28.8 million in losses from Sugar Creek even though ratepayers won't receive any electricity from Sugar Creek during the next two years; and

WHEREAS, LaPorte County is vigorously opposing NIPSCO's request because it is contrary to law, is a breach of the settlement agreement in the benchmark case, and is not in the public interest; and

WHEREAS, NIPSCO has indicated that, if ratepayers are not forced to pay for the \$28.8 million in losses from Sugar Creek through June 2010, it would have to consider "selling Sugar Creek immediately" and taking the profits, if any, on the sale price to avoid harming its shareholders; and

WHEREAS, NIPSCO has emphasized that the cost of building a brand-new generating station in NIPSCO's service territory will be greater than the amount it paid for the used Sugar Creek generating station in Terre Haute; and

WHEREAS, NIPSCO's own expert admitted that the Lake Michigan area is one of the two best areas in the country for wind power; and

WHEREAS, NIPSCO has shut down 120 megawatts of gas-fired generation at its Michigan City plant, which generation has not yet been replaced with new and/or updated generating equipment; and

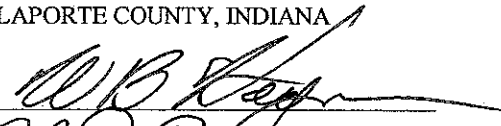
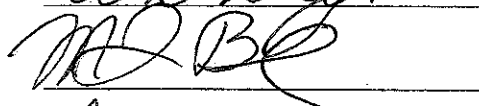
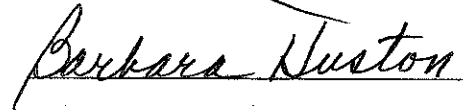
WHEREAS, it is the strong belief of this board that northwest Indiana, and in particular LaPorte County, is an ideal location for NIPSCO to invest in renewable generating facilities such as wind farms and cleaner-burning gas-fired generating facilities such as combined cycle gas turbines (CCGT's) and combustion turbines (CT's); and

WHEREAS, the physical assets of NIPSCO have been paid for by Northern Indiana ratepayers who certainly deserve the beneficial effect of any investment to be made by NIPSCO in new generating capacity.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF LAPORTE COUNTY, INDIANA THAT IN ADDITION TO OPPOSING THE PROPOSED 16% RATE HIKE AND INSISTING THAT NIPSCO FIND WAYS TO PURCHASE POWER IN A MORE EFFICIENT AND COST EFFECTIVE MANNER, THIS BOARD STRONGLY BELIEVES THAT ANY NEW GENERATING CAPACITY DEVELOPED BY NIPSCO SHOULD BE BUILT IN NORTHERN INDIANA, AND IN PARTICULAR WITHIN LAPORTE COUNTY. NIPSCO SHOULD BE ENCOURAGED TO SELL SUGAR CREEK IF IT INSISTS ON RECOVERING THE PLANT'S COSTS FROM RATEPAYERS BEFORE POWER IS PROVIDED TO THEM. FURTHERMORE,

ECONOMIC DEVELOPMENT AND JOB CREATION BENEFITS OF NEW
CONSTRUCTION FOR A HALF BILLION DOLLAR COMBINED CYCLE GAS
TURBINE PLANT WOULD BE SIGNIFICANT TO NORTHERN INDIANA
RATEPAYERS. IN ADDITION, NIPSCO SHOULD STRONGLY CONSIDER PLACING
WIND GENERATION IN LAPORTE COUNTY SIMILAR TO THE THREE DIFFERENT
UTILITIES THAT HAVE NOW ERECTED WIND FARMS IN OR NEAR BENTON
COUNTY, INDIANA. THOSE WHO PAY NIPSCO RATES SHOULD BENEFIT
DIRECTLY BY ANY INVESTMENT IN NEW GENERATING CAPACITY WHICH WILL
INCLUDE NEW JOBS AND OTHER RELATED ECONOMIC DEVELOPMENT.

BOARD OF COMMISSIONERS OF
LAPORTE COUNTY, INDIANA

ATTEST:

